MINUTES – JOINT SPECIAL MEETING
SANTA MARIA CITY COUNCIL
BLOCK GRANTS ADVISORY MEETING

SANTA MARIA PUBLIC LIBRARY
SHEPARD HALL
SANTA MARIA, CALIFORNIA

SEPTEMBER 10, 2015

INVOCATION:
Greg Burtnett of Grace Baptist Church gave the Invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Zuniga led the Pledge of Allegiance.

CALL TO ORDER:
Mayor Patino called the meeting to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Boysen, Orach, Zuniga, and Mayor Patino, Committee Members Acosta, Allen, Burtnett, Fisher, Frost, Gonzalez, Litzinger, Reeves, Seifert, Thomas, Wolcott, Yglesias, and Chair Marquez.

Committee Member White-O'Neill arrived at 5:39 p.m. Councilmember Waterfield arrived at 6:42 p.m. Committee Member Doyle was absent.

STAFF MEMBERS PRESENT
City Manager Haydon, City Attorney Trujillo, Deputy City Manager Stilwell, Director of Administrative Services Visé, Community Programs Manager Coelho-Hudson, Grants Specialist Narez, and Chief Deputy City Clerk Garietz.

1. PUBLIC COMMENT
There were no requests to speak.

City Manager Haydon gave a brief overview of the outline for the meeting and encouraged Councilmembers and Commissioners to ask questions of staff during the presentation.

2. JOINT STUDY SESSION REGARDING COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING PROJECTS. Community Programs Manager Coelho-Hudson explained the first part of the meeting would be an informational session with an overview of the federal Community Development Block Grants (CDBG) and HOME Investments Partnerships Programs. The second part of the meeting would be spent discussing potential changes that Council or Committee Members might want to make to the programs and their funding cycle.

The Community Development Block Grant Program was created by Title 1 of the Housing Community Development Act of 1974 and is administered by the Department of Housing and Urban Development (HUD). The fact that local discretion is allowed on the use of funding makes the federal program unique. The City of Santa Maria has been a grantee since 1975.

The purpose of the CDBG Program is to develop viable urban communities while providing decent housing and expanded economic opportunities. According to HUD, projects that may be eligible for funding include: 1) acquisition or disposition of real property; 2) public facilities and improvements; 3) site improvements; 4) privately-owned utilities; 5) clearance, demolition, or removal of buildings and improvements; 6) interim assistance in areas with physical deterioration; 7) relocation assistance;

8) removal of architectural barriers and ADA improvements; 9) housing rehabilitation; 10) code enforcement; 11) historic preservation; 12) commercial or industrial rehabilitation; 13) economic development activities; 14) public services (with a 15 percent cap); and 15) general program administration (with a 20 percent cap).

Ineligible activities include: 1) buildings for general conduct of government; 2) general government expenses; 3) political activities; 4) purchase of equipment; 5) operating and maintenance expenses; and 6) new housing construction.

In addition to being on HUD's list of eligible projects, CDBG projects must meet national objectives. They must benefit low to moderate income populations, prevent or eliminate slums or blight, and address an urgent community need.

Mayor Patino asked if the Serve Santa Maria program fit into the category of preventing or eliminating slums or blight.

Community Programs Manager Coelho-Hudson responded that, to qualify as a project preventing slums

or blight, a project would need to include a survey of its site and determination that there actually was physical deterioration in the area.

Under the low to moderate income benefit, Ms. Coelho-Hudson explained there were four sub-categories. The project may be a *limited clientele* project (of which 51 percent of the clientele must be considered low to moderate income). The project could also be an *area-benefit* project where at least 51 percent of residents in the area must be low to moderate income. *Housing*, such as down-payment assistance programs, was another sub-category. With this sub-category, however, 100 percent of the clientele being served must be low to moderate income. The fourth sub-category is *jobs*. At least 51 percent of the people benefiting from the jobs created must fall within the low to moderate income bracket at the time of hire.

Mayor Patino asked if CDBG funding could be used by a private business should they choose to hire summer interns.

Community Programs Manager Coelho-Hudson responded that private businesses would be able to hire interns through employment job-training programs.

Community Programs Manager Coelho-Hudson continued her presentation saying certain populations are assumed by HUD to be low to moderate income. Populations that automatically qualify for CDBG funding include abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons with AIDS, and migrant farm workers.

The City of Santa Maria places priority on projects or activities for: 1) food, shelter, clothing, or safety; 2) at-risk youth; 3) projects serving City residents; 4) projects that are not a duplication of service; and 5) projects with a variety of funding sources.

Committee Member White-O'Neill asked if applications from new agencies were reviewed competitively or if an agency could be prohibited from applying because another group was already doing the same type of work.

Community Programs Manager Coelho-Hudson replied that, in order to apply, an agency must have been successfully providing services in the community for at least three years. Also, the different populations each agency served would be taken into account.

A qualified agency should have a demonstrated a history of collaboration with other programs and resources; be a service that helps reduce government costs; and have a history of providing an efficient level of service.

When reviewing Capital projects under CDBG and HOME applications, Ms. Coelho-Hudson stated that several additional criteria are taken into consideration such as 1) project readiness; 2) financial feasibility; 3) cost efficiency; and 4) administrative capacity of the applicant.

Community Programs Manager Coelho-Hudson went on to describe the HOME Investment Partnership Program. The HOME Program was established by Title II of the Cranston-Gonzalez National Affordable Housing Act. This program is also administered by HUD and requires a local match. The City of Santa Maria was unable to qualify on its own, but participates under a Consortium with the County of Santa Barbara. Back in the 1990's, the City was receiving almost $500,000 from the HOME program. By 2014, the City received about $199,000. The City decided to withdraw from the Consortium, and will be eligible to apply through the State for HOME funding in 2016.

Mayor Patino asked for clarification on the City's withdrawal from the Consortium.

Community Programs Manager Coelho-Hudson responded that the City's decision to withdraw will take effect in 2016. At this time, the City will be qualified and competitive to apply on its own for HOME funding, no longer under the umbrella of the Consortium. The City does have enough funding to continue its Tenant-Based Rental Assistance (TBRA) Program and will accept applications in the next funding cycle. Should the Council and Committee decide to, the City may apply for HOME funding at that time for one or more projects. Under the Consortium, the City was quite restricted in the number of funding requests it could make.

Projects and activities supported by the HOME Program include: 1) homebuyer assistance; 2) housing rehabilitation; 3) conversion of structure; 4) reconstruction; 5) new construction; 6) acquisition of property; 7) site improvements; 8) utility connections; 9) demolition; 10) relocation; 11) TBRA; and 12) general

program administration. Under the HOME Program, regulations are more complex than with CDBG.

For both the CDBG and HOME Programs, the City has established its own list of funding priorities including: 1) prevention of homelessness addressing critical emergency, at-risk youth, and special needs populations; 2) expanding educational and youth opportunities; 3) providing affordable housing; 4) expanding economic opportunities; and 5) revitalizing existing neighborhoods.

The current application process begins by assessing needs in the community through a community workshop. Following that, a notice of funding availability is issued. A pre-application workshop is set up for applicants to learn how the application process works. Following the workshop, the application period commences. Committee and staff members review the applications and conduct site visits to determine eligibility. Team recommendations are made to the full Committee; and final recommendations are prepared by the Committee to go before the City Council for consideration followed by a public hearing.

Committee Chair Marquez explained that the last application process was particularly difficult as it was very competitive and all applicants were deserving.

Mayor Patino asked how the Committee breaks up into teams to conduct site visits and how the site visit was implemented.

Committee Chair Marquez responded that staff breaks the Committee into groups of three or four people, placing newer committee members with the more experienced members. Each site visit might take about 45 minutes. During that time, the applicant has an opportunity to explain what they are requesting funding for and how the money would be used.

Councilmember Orach asked if withdrawing from the Consortium would change deadlines and if the City could apply for projects at any time during the year instead of just one specific time.

Community Programs Manager Coelho-Hudson responded that the State followed an annual timeline, but did have deadlines that were later than the City's. She said that one of the recommendations this evening was going to be to stagger application deadlines to take Capital requests first and then Public Service applications.

Ms. Coelho-Hudson continued saying that once allocations are approved, staff takes steps to satisfy HUD's requirements while managing and implementing the approved projects. By May 1st of each program year, the City's unexpended funds and their line of credit must not exceed 1.5 times the annual grant amount.

Councilmember Boysen asked if that 1.5 times the annual grant amount included carryovers from previous years.

Community Programs Manager Coelho-Hudson responded that it did include carryovers from previous years and staff needed to be particularly careful with the larger projects to keep within this limit. The program year begins July 1st, but the grant agreement is not received until August. So, timing can be tricky.

At least 70 percent of expenditures must be for low to moderate income recipients. Moderate income is defined as up to 80 percent of area median income.

Mayor Patino asked what the moderate income dollar amount is for the City of Santa Maria.

Community Programs Manager Coelho-Hudson responded that, for a family of four, the moderate income cut-off is $64,150/year.

She continued with her presentation stating that public participation, submittal of documents, performance measures, reporting and monitoring were also the responsibility of staff and grantees. HUD requires regular reporting from both parties. Staff is also responsible for ensuring National Environmental Policy Act, Labor Standards, and Fair Housing Equal Opportunity requirements are met. Ms. Coelho-Hudson encouraged everyone to go to the City's website for more information.

Recently, Committee members and staff met to review the CDBG application process and came up with suggested changes, the first being to require copies of all attachments for easier review, either hard copies or scans.

Mayor Patino asked for clarification on who was receiving the attachments and how many copies this would involve.

Community Programs Manager Coelho-Hudson responded that the attachments have only been being distributed to those conducting site visits. Requiring copies of all attachments for everyone would mean submitting 25 copies of attachments with each application.

Councilmember Zuniga pointed out that the attachments are available in the Special Projects Division for viewing anytime.

Community Programs Manager Coelho-Hudson continued, saying other suggested changes to the application process would be to revise the organizational chart on the application to include a list of an agency's employee positions and contracted help; and requiring an applicant to obtain three bids from local contractors.

Discussion ensued regarding the number of bids to require on the application. Everyone agreed that requiring three bids would be ideal, but not always possible. Committee Member Seifert commented that the decision on the number of bids required would come out in deliberations as applications were being reviewed and processed.

Community Programs Director Coelho-Hudson continued saying that other suggested changes to the application process included having a Capital project be "shovel-ready;" requiring a site plan with each application; and rejecting applications if the agency had previous unexpended allocations.

Mayor Patino asked how often applicants had unexpended allocations.

Community Programs Manager Coelho-Hudson responded that, in the past, a few agencies had carryovers. There were also some situations where an agency might not have the administrative capacity to handle the project and was put behind schedule on a project.

Councilmember Boysen commented that some projects are larger and simply take longer to complete.

Committee Member Seifert added that the Committee tries to evaluate a project based on a time frame allowing it to be completed within the funding cycle.

Community Programs Manager Coelho-Hudson clarified that the program year is July 1 through June 30.

Councilmember Boysen asked what "shovel-ready" meant.

Community Programs Manager Coelho-Hudson responded that "shovel-ready" meant the planning process needed to have been completed (permits pulled and proper zoning completed).

Councilmember Boysen commented that the Committee was asking an applicant to have a substantial proportion of work completed already prior to funding it.

Committee Member Seifert responded that the CDBG funding only funds part of a project, never the entire project. Usually an applicant will have submitted requests for funding to several different funding sources.

Councilmember Boysen suggested specifically defining the clause "shovel-ready" should the change go through. He also suggested narrowing the definitions for the priorities in the decision making process.

Committee Member Seifert commented that the better prepared a project is, the more apt the Committee was to vote on it and fund it.

Community Programs Manager Coelho-Hudson continued saying that some applicants put in applications in a piecemeal fashion, doing one project one year, another the next, instead of evaluating their needs and placing one application for all the work needing to be done. The Committee would like to change this process and see the application submitted with each complete project. Another suggested change would be to stagger the application process so that Capital and affordable project requests are submitted first. Two weeks later, the Public Service applications would be submitted. The final change the Committee suggested would be to have structured site visit questions.

Committee Member Gonzales stated that having structured questions would help the Committee in evaluating one application from another. There would also be questions specific to each project, but the intent would be to have structured general questions for each applicant.

Councilmember Orach brought up the topic of funding those projects that are bigger where the funding would make a larger impact.

Committee Member Seifert stated larger and smaller projects are taken into consideration during deliberations. Also, applicants are asked how they will be affected should the Committee be unable to fund the entire project.

Councilmember Boysen suggested bifurcating funding between Program Services and Capital Projects and having a clearer list of priorities for each.

Councilmember Zuniga commented that sometimes the Committee may choose not to fund a larger agency with the impression that that agency has a lot of funding already. She said the Committee and Council need to be mindful that the CDBG funding is only part of an agency's total finances.

Committee Member Yglesias stated that with the last round of applications, the Committee looked at where the money would be most beneficial and, unfortunately, was unable to grant funding to many organizations they would like to have funded. Some of the agencies were upset and spoke up about it at a Council meeting. She said the proceedings felt like a public shaming and she thought it was important for everyone to understand not all requests for funding can be granted.

Councilmember Orach said he understood and asked if one of the questions on the application asks an agency if they have reserves to draw on.

Community Programs Manager Coelho-Hudson explained that there is a section on the application that requests information on an agency's overall funding as well as what other grants they are applying for. A copy of the agency's audited financials is also requested.

Mayor Patino recessed the meeting at 7:26 p.m.

Mayor Patino reconvened the meeting at 7:34 p.m.

Public Input

Karen Cordary, a prior Block Grants Advisory Committee member, spoke about the privacy of deliberations and how certain topics might be better discussed without public presence.

Jennifer McGovern, with the Housing Trust Fund of Santa Barbara County, complimented the City, Committee, and staff on their efforts with the CDBG process. She stated she understood the need for "shovel-ready" projects, but that often an agency needs the CDBG monies to kick off a project and help get it "shovel-ready." She also expressed her appreciation for the partnerships the CDBG Program has to offer and wished the City well now that they will no longer be under the Consortium.

Judi Monte, of the Foodbank, spoke about her concern with the request to supply copies of all attachments to applications. She highly recommended requiring electronic attachments instead of hard copies. She also noted the increase in the senior clientele of the Foodbank and the effects the drought was having on food supplies.

Joyce Ellen Lippman, of the Area Agency on Aging, spoke about her concern for the rapidly growing population of seniors in the area and whether there were enough resources for them.

Morgan Benevedo, of Peoples' Self-Help Housing, thanked the Council and Committee for holding the joint meeting. He also said he hoped a CD or electronic copy of attachments would be acceptable as they would save paper and be much easier to work with. He stated the CDBG funding source is frequently the first source that helps an agency apply for further funding from other sources, so it is not always easy to have a project "shovel-ready."

Fran Forman, of Community Action Commission (CAC) of Santa Barbara County, spoke about CAC and their mission. She also stressed the importance of aid to the senior population in the City, saying any dollar amount was a help to an agency. She explained how the CAC was required to do some of the same reporting the CDBG Program requires and she suggested it might be a good idea to collaborate together on the report information to avoid duplication.

Council Discussion
Councilmember Boysen asked for clarification on the suggestion to revise the organizational structure.

Community Programs Manager Coelho-Hudson responded that the organizational chart is a part of the application, but the change would be to request a list of employees of the agency by position, as well as any independent contractors.

Councilmember Boysen stated he agreed with the "shovel-ready" requirement, but wanted a clearer definition as "shovel-ready" may be entirely different for a large project versus a smaller project. He said requiring three bids should be a flexible requirement when bids are just not available. Also, with the unexpended allocation requirement, he was concerned about the length of some projects that may still be in compliance with CDBG, but require more time to be completed.

Committee Member White-O'Neill asked how the proposed changes would be guaranteed to happen and what would happen to applications that were not completed properly.

Community Programs Manager Coelho-Hudson responded that, in the past, an incomplete application has been taken back to the Committee with the recommendation that it not be accepted. Final decisions on applications will be up to the Committee during review.

Councilmember Waterfield commented that when her non-profit applies for funding, they are informed when something is not appropriate on their application and they are given one chance to make the correction. If that correction does not get fixed, the application is discarded. She suggested giving one opportunity to an agency to make a correction. If they do not carry through with the request, their application would be rejected.

Councilmember Zuniga recalled applying for CDBG funding when she worked with a non-profit. If the application was incomplete, it was rejected. Staff was always available to answer questions and review an application prior to submittal and, if an agency could not complete the application correctly, it was rejected. She expressed concern that if an agency could not complete the application properly, perhaps it would not be a good agency to fund.

Community Programs Manager Coelho-Hudson responded that it was standard practice for staff to encourage applicants to submit their applications prior the deadline for review with staff.

Committee Member Burtnett commented that many of the issues with applications are discussed and determinations to keep or reject an application are made during deliberations.

Committee Member Frost commented on the lack of audited financials she observed on applications that have been submitted.

Committee Member White-O'Neill agreed that many of the applications the Committee receives are incomplete and the Committee should be tougher about them.

Councilmember Boysen agreed.

Councilmember Zuniga commented on the requested changes saying she agreed with them but wanted to see more detail in the definition of the requirement for bids and the meaning of "shovel-ready." She also said she felt there should be a discussion each time an application was received from an agency that has previous unexpended allocations.

Councilmember Waterfield stated she appreciated the fact that staff offers workshops with applicants to educate them on the application process.

Councilmember Zuniga emphasized her desire that staff disregard incomplete applications, particularly given that applicants do have the opportunity to attend a workshop on the application process.

Councilmember Waterfield agreed.

Mayor Patino stated she agreed with the requested changes and commented that the attachments should be received in hard copy or electronically, whichever mode worked best for the applicant. She also agreed that an incomplete application should be rejected.

Community Programs Manager Coelho-Hudson asked if the Committee should go ahead and define the suggestions and bring them back before Council for final approval.

Mayor Patino confirmed.

City Manager Haydon summarized the meeting saying that there were nine suggested changes, consensus on five of them, and a request for clarification on four of them (requirement for 3-bids; the "shovel-ready" requirement; no new application if unexpended allocations; and the request for no piecemeal projects). Mr. Haydon suggested the Committee focus on defining the last four suggestions.

Discussion on Priorities

Regarding the list of priorities the Committee currently uses to review CDBG applications, Councilmember Boysen stated he would like to bifurcate the Capital and Public Service priorities and narrow the definition under Category 1 for Program Services to: Prevent homelessness, address critical emergencies, and special population needs (which would include at-risk youth); and expand educational and youth development opportunities.

Councilmember Orach agreed.

Councilmember Zuniga agreed and said she thought it would be a good idea to narrow the list of priorities down to just three instead of five. She also mentioned the possibility of revisiting the priorities every two years as community needs and the economy change.

Councilmember Boysen pointed out that bifurcating Capital and Public Service priorities would leave only two to three priorities under each and may help narrow down the list for the Committee's consideration.

Mayor Patino asked for a definition of "critical emergency."

Community Programs Manager Coelho-Hudson responded that a "critical emergency" incident would be any threat to food, shelter, clothing, or safety.

Mayor Patino asked if preventing homelessness should be under Capital or Public Service as it requires both. She also stated her priority will always be the youth.

Councilmember Boysen said his priority was safety.

Councilmember Waterfield stated her priority was food, the elderly, and the youth.

Mayor Patino and Councilmember Waterfield expressed concern about Proposition 47 (reducing penalties for low-impact crimes) and how it might affect the homeless and youth populations in the City.

Councilmember Zuniga commented that the majority of homeless in the community were veterans and families with children. A lot of prevention work was already being done with youth through the schools. Much of the homeless work being done was through organizations such as Good Samaritan which was bringing in a substantial amount of money in federal contributions. She also said she empathized with the Committee knowing that each Councilmember had a different top priority.

Councilmember Boysen stated that CDBG funding could not cover all the needs of the community. Mental health problems, for example, are not going to be solved through these funds. He said he felt strongly that the Committee needed to narrow down priorities for CDBG funding to maximize effectiveness of the program, and he said Council should trust the Committee to do so.

Councilmember Orach stated he was unsure about bifurcating Capital Projects and Public Services.

Councilmember Zuniga asked if there was a need to specify the list of those people who fell under the category of special population.

Councilmember Boysen said he was considering special population needs definition to include low-income seniors and developmentally disabled adults.

Community Programs Manager Coelho-Hudson pointed out the detailed list of priorities saying there were actually nine priorities on it. However, very few applications had been received under category 2 – expanding educational and youth development opportunities. She also reminded the Committee and Council that providing affordable housing and expanding economic opportunities were HUD objectives of the CDBG Program.

Discussion ensued regarding bifurcating Capital Projects and Public Services as well as deleting Category 2 (expand educational and youth development opportunities) and combining Category 3 (provide affordable housing), Category 4 (expand economic opportunities), and Category 5 (revitalize existing neighborhoods).

City Manager Haydon commented that Categories 4 and 5 stressed Public Services and not Capital. Therefore, if the decision was to bifurcate Public Services and Capital programs, lumping 3, 4, and 5, together *could* be Capital related, but was more Public Services related.

Councilmember Orach asked how the Downtown Specific Plan and economic opportunities might be a large hit to the Public Services sector. He suggested there may be a need for clarification in funding requests once projects with the Plan begin, specifically facades, business growth, utility improvements, etc.

Councilmember Waterfield commented that perhaps the list should be left as is.

Councilmember Boysen commented that since educational and youth opportunities was covered under section C in Category 1, he would recommend deleting Category 2 altogether and making Section C in Category 1 (prevent juvenile delinquency and divert at-risk youth from gang involvement, crime, substance abuse, family violence, school problems, and out-of-control behavior) be inclusive of Category 2 (expand educational and youth development opportunities).

Mayor Patino and Councilmember Waterfield stated they were not in favor of eliminating Category 2. Mayor Patino also stated she was fine leaving the list of priorities the way it was.

Councilmember Boysen made a motion to change the list of priorities to: 1) Prevent homelessness and address critical emergency and special population needs; 2) Address at-risk youth by preventing juvenile delinquency and diverting at-risk youth from gang involvement, crime, substance abuse, family violence, school problems, and out-of-control behavior; 3) Provide affordable housing; 4) Expand economic opportunities; and 5) Revitalize existing neighborhoods; with no bifurcation of Capital Projects and Public Service Projects. The motion died for lack of a second.

Councilmember Zuniga commented that not bifurcating the two areas, did not help narrow the scope of priorities for the Committee and staff.

Community Programs Manager Coelho-Hudson asked if the Mayor would like the Committee to revisit the list of priorities based on the evening's discussions.

Mayor Patino responded she did not think that would be necessary. She said she felt strongly about keeping Category 2 and that it would be difficult to bifurcate Categories 3, 4, and 5. Thus, there was no need to change the list.

Mayor Patino and Committee Chair Marquez thanked everyone for attending the meeting.

ADJOURNMENT:
There being no further business before the City Council, Mayor Patino declared the Joint Special City Council and Block Grants Advisory Committee meeting adjourned at 8:53 p.m.

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APPROVED:

October 6, 2015
Date

Rhonda M. Garietz, CMC
Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST:

Rhonda M. Garietz, CMC
Chief Deputy City Clerk

Alice M. Patino
Mayor of the City of Santa Maria

Rosalie Marquez
Chair of the Block Grants Advisory Committee